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ABSTRACT

This paper, presented at an international conference, tries to put the unique problems of providing access to postsecondary education in the context of the social, economic, and political climate of the United States. The paper notes that since 1979 students are assuming a growing share while taxpayers have reduced their relative contributions to the costs of financing higher education. Additionally, federal assistance has shifted from grants to loans. While the U.S. government funds only a portion of higher education, access to wealth in America is closely tied to access to college; the average income for a college graduate is \$37,224, for a high school graduate it is \$20,248. With funding priorities shifted away from assisting the neediest students, the current focus is on programs specifically targeting disadvantaged and first-generation college students. Such programs begin to assist students earlier in their lives and have been a successful access strategy, even as the political climate in the United States becomes hostile to affirmative action programs. However, they face challenges from taxpayers who question how benefits are distributed and whether they provide adequate access to technology, and who threaten to eliminate continued federal funding. (Contains 17 footnotes.) (MAB)

Setting Funding Priorities for Access: An American Perspective

Arnold L. Mitchem
Cork, Ireland
June 27, 1997

I am very honored to have been invited to return to the EAN Conference this year, particularly because it signals the growing relationship we are developing between American and European access programs. While we have different experiences and perspectives, we have much in common, and in today's increasingly global society, we must share our knowledge and experiences.

I have been asked to discuss how differences in higher education financing, particularly between Europe and the United States, affect access. Theoretically in America, through a diverse system of institutions of higher education; state, federal, and institutional financial aid; and programs like the Federal TRIO programs, every option for higher education is left open for every student. The idea is to allow students access to a range of options and to enable them to move to another option mid-stream -- all ostensibly without regard to the student's background or past choices.

Of course, like most systems, the American system has limitations. While options are theoretically possible, they are not realistic for the vast majority. Only those with the most privileged backgrounds have the largest number of truly feasible choices. But certain components of the American system of financing opportunity -- particularly both collegiate and precollegiate educational opportunity programs -- may have

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applicability in many of your situations as well.

The political context in which postsecondary educational access is debated in the United States is, I believe, very different from the political context within which most of you operate. Let me briefly discuss three differences in this regard. First, there is much greater economic inequality in the United States than there is in most European countries. The income level of the top tenth of the American population, for example, is almost 6 times greater than the bottom tenth. In Britain, the top income level is about 4 times greater than the bottom; 3 times greater in Germany, 3 times greater in the Netherlands, and 3.5 times greater in France.¹ Moreover, in part because the democratization of access to American higher education began almost fifty years ago with what we call the GI Bill for returning World War II veterans, access to wealth in America is very closely tied to access to college. Presently, the average income of a college graduate in the United States is \$37,224, while the median income of a person with only a secondary diploma is \$20,248,² or 46% less.

Second, language and racial minorities make up a very significant portion of the American population. Twenty-four percent (24%) of our population is African-American, Hispanic-American, Asian-American or American Indian. This compares to 9% of the population in Germany which is from minority backgrounds, 6% in

¹ Smeeding, Timothy. "America's Income Inequality: Where Do We Stand?" *Challenge*, September-October 1996, pp. 45-53.

² See *Postsecondary Education OPPORTUNITY*, Thomas Mortenson, Number 59, May 1997.

Britain, 4% in the Netherlands, and 6% in Australia. Put very simply, this means that minorities in the United States wield significant political power.

Finally, unlike in Europe, only a portion of American higher education is supported with public funds. Much of the cost of higher education is considered an individual or family concern, rather than a public responsibility. Approximately 2,000 of the colleges in the U.S. are privately-funded, while about 1,600 are publically-funded.⁴ In the United States, all students are charged tuition and fees of varying amounts depending both on the sponsorship of the college and its selectivity. Further, there is no assumption that government should provide living allowances to students. What governments do provide is financial aid.⁵ Federal and state governments in the United States provided a total of \$50 billion in aid to help students pay college tuition in 1995-96. Of that amount, the largest portion funded federal loans to students and their parents to pay the cost of college, almost \$29 billion worth, 57% of all aid. This is a fifteen-year trend which has transformed the American system of federal tuition assistance from a grant-based system to a loan-based system. Financial aid of various amounts covers a part or all of the costs of tuition, fees and living expenses. However, the reason for this assistance is to

³Downlinked from www.state.gov (Web site for the U.S. State Department), June 13, 1997

⁴*Digest of Education Statistics 1996*, National Center for Education Statistics, U.S. Department of Education, Office of Educational Research and Improvement, November 1996, p. 251.

⁵*Trends in Student Aid: 1986 to 1996*, The College Board, September 1996, p. 3.

promote access, not because higher education is viewed as a public good or an individual right.

The average cost for attending a state-funded college or university is \$2,848 or 7% of the median American family income. At a privately-funded school, this cost is \$12,239 or 30% of the median family income.⁶ State-funded institutions receive about 50% of the cost of educating students from state tax funds, and thus are able to charge considerably less than privately funded institutions.

Financing of higher education in the United States is a shared responsibility, with shares borne by students and their parents, state taxpayers, and federal taxpayers. In 1994, students paid about 48 percent of direct educational expenditures through tuition and fees, state taxpayers provided about 44 percent through appropriations to publically-funded institutions, and federal taxpayers provided about 8 percent through financial aid to needy students.⁷ These proportions vary sharply between students in public and private colleges, by level of instruction, by field of study, by location within the United States, and over time. Most state assistance is limited to state residents enrolled in public institutions in their home state.

Since 1965, the federal government has also been involved in

⁶*Digest of Education Statistics 1996*, op.cit., p. 321.

⁷*Education at a Glance: OECD Indicators*, Centre for Educational Research and Innovation (Paris: Organization for Economic Cooperation and Development, 1996), p. 336.

⁸ See *Postsecondary Education OPPORTUNITY*, Thomas Mortenson, Editor, Volume 32, February 1995.

providing access funding. The basis of the federal government's access funding strategy is a financial aid program called Pell Grants. The funding allocated to this program was designed to provide a basic level of resources directly available to students, rather than funding which went to colleges to distribute. Also part of the federal strategy are the TRIO programs which provide tutorial, mentoring, counseling, and direct instructional services to students from low-income, first-generation families.

Since about 1979, the shares of college costs have shifted, with students picking up a growing share of the costs of their own educations, and state and federal taxpayers reducing their relative contributions to financing higher education. At the state level, dollars previously allocated to higher education have been diverted to building prisons, providing health care for the poor and elderly, and recently to reducing state tax rates for citizens. State governments, largely unnoticed, have decided these are worthier purposes than funding higher education. State-funded institutions have raised tuition charges to students to offset this loss of state financial support.

This trend is evident in a range of federal policy choices which have been made over the past decade. The federal loan programs I discussed earlier now dwarf the Pell Grant program in funding. In 1996, Federal loans received over four times as much funding as Pell Grants.⁴ At the same time, the Pell Grant has

⁴*College Opportunities and the Poor: Getting National Policies Back on Track*, Lawrence E. Gladieux (Washington, DC: The College Entrance Examination Board, 1996)

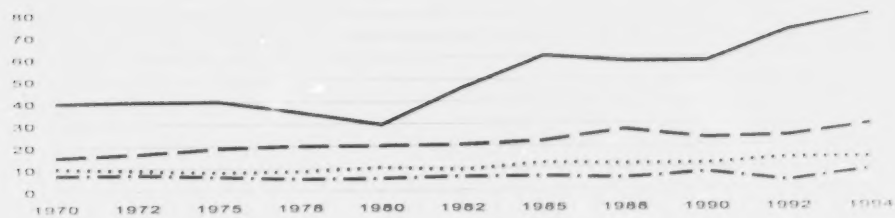
also eroded in purchasing power as expressed by the percentage of college costs it covers. In 1973-74, the first year Pell Grants were available, a Pell Grant covered about 40% of the average cost of attendance at an American private college, and almost 80% of the average cost of attendance at a public college. In 1994-95, Pell Grants paid only about 20% of the average cost at a public college and 40% of the average cost at a private college.¹⁰

Low-income students, who were the original intended beneficiaries of federal financial aid, have been severely affected by these shifts. One consequence is the redistribution of opportunity for higher education across family income levels. The disparity in college degree attainment according to family income is greater in the 1990's than it has been at any point in the last 25 years. Educational policy researcher Thomas Mortenson has demonstrated that students from the top income quartile in the United States have an 80% chance of graduating from college by age 24, while students from the lowest income quartile have only about a 7% likelihood of receiving a college degree by the same age.

Chance for College Graduation by Age 24 by Family Income

¹⁰ *Trends in Student Aid: 1986 to 1996*, The College Board, September 1996.

¹¹ "Educational Attainment by Family Income: 1970 to 1994", Postsecondary Education OPPORTUNITY, (Iowa City, IA, November 1995)



a bachelor's degree from college earned 57 percent more than a high school graduate. By 1994, the college graduate earned 84 percent more.

These trends reflect the higher educational needs of a knowledge-based economy, driven by technological change and global competition. Those who acquire the education and training required to become productive workers in this economy succeed financially in the labor market. Those who lack productive skills are relegated to inferior jobs at declining real wages. The public policy environment that surrounds them disfavors a decent minimum wage and labor unionization, and supports only a porous social safety net. By the standards of the industrial world -- especially Europe -- this is a truly brutal economic system.

As we have just discussed, inequities with respect to access in the United States are large and obvious. The blatant nature of the inequities does, however, yield some benefits for access issues can rise to center stage in the American political arena. You may be aware that the Clinton Administration had proposed a new system of tax credits and deductions for higher education, which was very much skewed against the poor. The proposal was so skewed, in fact, that the major conservative national daily newspaper, *The Wall Street Journal*, ran a front page article which -- while not attacking the proposals -- fully discussed the inequities of the program on which they were based, the Georgia Hope Scholarship

¹²See *Postsecondary Education OPPORTUNITY*, Thomas Mortenson, Editor, Number 35, May 1995.

program. Tom Mortenson, a member of my staff, is quoted in the article as saying, "Even Bill Gates, the Microsoft Corporation billionaire can qualify for the HOPE program".¹³ Of course, the daughter of the working class family profiled in the article cannot.

In the face of growing publicity about the Georgia HOPE program, President Clinton altered his proposal. Like the Georgia initiative, the President's proposal originally required low-income students receiving federal Pell Grants to subtract the value of their Pell Grants from the tax credit due to them. As it is now proposed, low-income students would be eligible for both Pell Grants and tax credits.¹⁴ It is due to the obvious and persistent nature of educational inequities in the United States that we can attribute the fact that the United States has developed a multifaceted approach to access which begins when children are as young as 11 years old. Part of the need for funding access grows out of what American author Jonathan Kozol called "savage inequalities", the vast disparities in publically funded schools serving poor children and their affluent peers.¹⁵ Another source for the need for access funding is the increase in tuition charged by both public and private colleges, and the accompanying inability

¹³"Georgia's Scholarships are Open to Everyone, and That's a Problem, Greg Jaffe, *Wall Street Journal*, June 2, 1997, p. 1.

¹⁴"Clinton's Education Tax Cut Revisions Gain Little Support", Clay Chandler, *The Washington Post*, June 5, 1997, p. A6.

¹⁵See Kozol, Jonathan. *Savage Inequalities: Children in America's Schools* (New York: Crown Publishers, Inc., 1991)

of families with lower incomes to afford these charges. Finally, access funding is necessary to overcome social and cultural barriers, including the barriers faced by students who are the first in their families to attend college.

When we refer to higher education access funding in the United States, we not only mean the federal and state financial aid which assists students in paying tuition, but also federal and state funding for programs that assist students in overcoming social, cultural, and academic barriers to access. The two types of funding are inherently intertwined. Assisting a student to be prepared academically and socially for college does not give them access if the assistance with tuition is not available. Conversely, providing tuition assistance does not allow students who face other social and cultural barriers to succeed in college.

The fact that the priorities in funding access have shifted away from assisting the neediest students focuses attention on the continuing funding of the TRIO programs, which are specifically targeted on low-income and first-generation college students. TRIO programs have continued to grow over the past decade to serve nearly 700,000 students, yet the programs still only serve less than 10% of the eligible population. Nevertheless, recent evaluations of two of the largest TRIO programs have found that TRIO programs have success in affecting college retention of low-income students.

The federally funded TRIO programs, and similar early intervention programs, may be the American access strategy most

applicable to the system in Europe. The Talent Search and Upward Bound programs, two of the five TRIO strategies, were first authorized nationally in 1965. When Talent Search and Upward Bound began operating, the original thinking was that low-income high school students could be encouraged and prepared for college by providing basic information and counseling (Talent Search) or academic enrichment (Upward Bound), often not beginning until late in the secondary school years.

Educators have since realized that effective intervention to help disadvantaged students enter and succeed in higher education must begin earlier and be more intensive. Talent Search programs, in particular, now serve students as young as 11 years old, while they are still in the elementary grades, to provide them the academic and social basis for making choices throughout high school which will lead them to higher education. In addition, studies have shown that relatively light intervention is not nearly as effective as programs with a great deal of contact with students. Both the Talent Search strategy and the Student Support Services strategy, which works with low-income undergraduates, have intensified services to better prepare students for higher education.

While the early intervention focus of the TRIO programs has been a successful access strategy in the United States, the social and cultural context continues to disfavor other policies, especially those based on race or ethnic background.

The United States over the past several years has engaged in

a debate over the role of affirmative action programs, programs which attempt to overcome the past discrimination against individuals from racial and ethnic minority groups by providing some recuperative benefit to people from those groups. In higher education, the focus has been mainly on admissions policies, rather than funding, but the change in social attitudes regarding affirmative action programs has begun to have some effects on access. For example, in California and in Texas, two states with large Hispanic populations, policies restricting colleges and universities from considering race or ethnicity as a decisive factor in admissions decisions have recently been implemented. In the case of schools in both states, the result has been a drastic reduction in the numbers of minority students admitted.

Because the TRIO programs serve low-income, first-generation students without regard to race or ethnic background, they have been able to escape the criticism of affirmative action programs which has resulted in these new policies. By focusing on economic class, a category which cuts across all ethnic and racial categories, TRIO has been able to maintain its political support nationally. Of course, because low-income students are likely to come from minority backgrounds, these policies will likely have some effect on their access chances as well. Programs like TRIO, which focus on class, not race, continue to seem more resonant with most Americans.

With the controversy over the Georgia HOPE scholarship program, however, we have begun to see that the class-based

argument is not devoid of challenges. With a limited pool of funds available to fund higher education access, the question inevitably arises : Who should benefit? Statistics like Tom Mortenson's which show that low-income Americans have only an 8% likelihood of graduating from college demonstrate the depth of the problem. But middle-class families in the United States have staked their own claim, as they have watched tuition at a state-sponsored university rise 235% over the past 15 years, while household income rose 82%.¹⁶ Elected officials in the United States tend to be more responsive to the demands of middle-class Americans, who are generally more likely to vote and be politically involved. This reality leaves programs like the federal Pell Grant program, which benefits the neediest college students, without an obvious political base.

While changing social and cultural attitudes about race and class have serious implications for funding access, the other theme of this conference also addresses a barrier to equal opportunity and access. TRIO program access professionals have found that low-income students face a severe barrier to higher education access in the disparity in access to new technology. A recent study by Educational Testing Service confirms the fact that schools serving high percentages of low-income and minority students have less access to computers than schools serving more advantaged students. For example, in schools where the majority of students are

¹⁶"Georgia's Scholarships are Open to Everyone...", Greg Jaffe, *Wall Street Journal*, June 2, 1997, p. 1.

economically-disadvantaged or minority, the computer-to-student ratio is 1:17, while it is 1:10 for schools where such students make up less than 25% of the student population.¹⁷ Low-income students from schools with little access to technology have few chances to learn the skills and gain the familiarity with technology that more affluent students bring to higher education. For example, of TRIO students, 25% never use word processors; 66% never use spreadsheets; 69% never use databases; and 87% never use electronic mail.¹⁸ Along with these obstacles, low-income students also face a large disparity in access to technology at home. Only 15% of students whose family income is below \$20,000 have computers at home, while 74% of students whose family income is over \$75,000 have a computer to use at home.¹⁹

Because of these and other hazards in providing higher education access funding, access professionals must look for opportunities to advocate for the issues and priorities that will serve low-income students. This advocacy voice must come from the grass roots, from the individuals who work with disadvantaged students and from the students, their parents, their teachers, and their communities. In the United States, this kind of direct pressure by citizens on their elected representatives has the

¹⁷ "Computers and the Classroom, The State of Technology in U.S. Schools," Educational Testing Service, Princeton, New Jersey, 1997.

¹⁸ "Study on Computer Technology Utilized in a Representative Sample of TRIO Programs," completed by NCTE/CA Technology and Education Task Force, September 1996.

¹⁹ "The Haves and the Have-nots", Lynell Hancock *Newsweek* (February 27, 1995).

potential to make a difference. The TRIO community of access professionals has won many battles by organizing in this way, including the 1995 threat by the U.S. Congress to completely eliminate federal government funding for the TRIO programs.

I realize that European political systems are different, but I do believe that advocacy has a role in universities and in communities in making the public aware of the challenges faced by low-income and minority students. Because the income disparities are smaller and the ethnic minority populations are fewer does not diminish the access barriers these students face.

The global context offers all of us, whether we are European, American, Asian, African, or Australian, a perspective within which to shape the access decisions of the next century. The growing unification of Europe is emblematic of the global realities we will all find ourselves facing. In the United States, as we educate and prepare smaller and smaller segments of our population for the rigors of global competition, we will find our nation less able to cope with the hazards and embrace the opportunities ahead. America is not alone in this regard. On behalf of those students who are not gaining access to higher education in the United States, Europe, and elsewhere, it is our responsibility, as the global community, together to ensure that every student has the chance for higher education, because along with that chance comes the tools for greater opportunity.

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